

110TH CONGRESS
1ST SESSION

S. 1034

To create investment opportunities for rural families and access to credit for rural entrepreneurs and microenterprises, to support rural regional investment, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 29, 2007

Mrs. CLINTON introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To create investment opportunities for rural families and access to credit for rural entrepreneurs and microenterprises, to support rural regional investment, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Rural Investment to Strengthen our Economy Act of
6 2007” or the “Rural RISE Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—NEW FINANCIAL OPPORTUNITIES FOR RURAL AMERICANS

Sec. 101. Capital loss deduction allowed with respect to sale or exchange of principal residence in certain rural areas.

Sec. 102. Rural student loan forgiveness.

TITLE II—ACCESS TO CREDIT FOR RURAL ENTREPRENEURS AND MICROENTERPRISES

Sec. 201. Rural entrepreneurship and microenterprise program.

TITLE III—RURAL REGIONAL INVESTMENT INITIATIVE

Sec. 301. Rural regional investment initiative.

Sec. 302. Rural regional entrepreneurship program.

TITLE IV—REGIONAL SKILLS ALLIANCES

Sec. 401. Findings.

Sec. 402. Definition of Secretary.

Subtitle A—Skill Grants

Sec. 411. Authorization.

Sec. 412. Use of amounts.

Sec. 413. Requirement of matching funds.

Sec. 414. Limit on administrative expenses.

Sec. 415. Authorization of appropriations.

Subtitle B—Planning Grants

Sec. 421. Authorization.

Sec. 422. Application.

Sec. 423. Requirement of matching funds.

Sec. 424. Authorization of appropriations.

TITLE V—SMALL BUSINESS JOBS TAX CREDIT

Sec. 501. Expansion of work opportunity tax credit.

1 **TITLE I—NEW FINANCIAL OP-**
 2 **PORTUNITIES FOR RURAL**
 3 **AMERICANS**

4 **SEC. 101. CAPITAL LOSS DEDUCTION ALLOWED WITH RE-**
 5 **SPECT TO SALE OR EXCHANGE OF PRINCIPAL**
 6 **RESIDENCE IN CERTAIN RURAL AREAS.**

7 (a) IN GENERAL.—Subsection (c) of section 165 of
 8 the Internal Revenue Code of 1986 (relating to limitation
 9 on losses of individuals) is amended—

10 (1) by striking “and” at the end of paragraph

11 (2),

12 (2) by striking the period at the end of para-
 13 graph (3) and inserting “; and”, and

14 (3) by adding at the end the following new
 15 paragraph:

16 “(4) losses arising from the sale or exchange of
 17 the principal residence (within the meaning of sec-
 18 tion 121) of the taxpayer, but only if such principal
 19 residence—

20 “(A) is located in a nonmetropolitan coun-
 21 ty which, based on information contained in the
 22 2000 decennial census, has a population which
 23 resides in areas more than 50 percent of which
 24 are classified as rural by the Secretary of Agri-
 25 culture, and

1 “(B) was acquired by the taxpayer after
2 the date of the enactment of this paragraph.”.

3 (b) CONFORMING AMENDMENT.—Section 67(b)(3) is
4 amended by striking “paragraph (2) or (3)” and inserting
5 “paragraph (2), (3), or (4)”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to sales and exchanges after the
8 date of the enactment of this Act, in taxable years ending
9 after such date.

10 **SEC. 102. RURAL STUDENT LOAN FORGIVENESS.**

11 (a) DEFINITIONS.—In this section:

12 (1) DEGREE.—The term “degree” means an as-
13 sociate’s degree or baccalaureate degree awarded by
14 an institution of higher education.

15 (2) ELIGIBLE BORROWER.—The term “eligible
16 borrower” means any borrower who is not in default
17 on any of the borrower’s student loans under part
18 B, D, or E of title IV of the Higher Education Act
19 of 1965.

20 (3) INSTITUTION OF HIGHER EDUCATION.—The
21 term “institution of higher education” has the
22 meaning given the term in section 101 of the Higher
23 Education Act of 1965 (20 U.S.C. 1001).

24 (4) ELIGIBLE AREA.—The term “eligible area”
25 means a nonmetropolitan county that, based on in-

formation contained in the 2000 decennial census,
has a population that resides in areas more than 50
percent of which are classified as rural by the Sec-
retary of Agriculture.

(5) SECRETARY.—The term “Secretary” means
the Secretary of Education.

(b) PROGRAM.—

(1) IN GENERAL.—The Secretary shall carry
out a program of assuming or cancelling the obliga-
tion to repay, pursuant to subsection (c), a loan
made, insured, or guaranteed under part B, D, or
E of title IV of the Higher Education Act of 1965
(20 U.S.C. 1071 et seq., 20 U.S.C. 1087a et seq.,
20 U.S.C. 1087aa et seq.), excluding loans made
under section 428B of such Act or comparable loans
made under part D of such Act, for any borrower
who—

(A) obtains a degree;

(B) resides in an eligible area; and

(C) is employed in an eligible area.

(2) REGULATIONS.—The Secretary is author-
ized to prescribe such regulations as may be nec-
essary to carry out the provisions of this section.

(c) LOAN REPAYMENT OR CANCELLATION.—

1 (1) IN GENERAL.—The Secretary shall assume
2 or cancel the obligation to repay, after each of the
3 first 5 years of the residency and employment de-
4 scribed in subparagraphs (B) and (C) of subsection
5 (b)(1) that occur after the date of enactment of this
6 Act, 10 percent of the total amount of all loans
7 made to a student under the provisions of title IV
8 of the Higher Education Act of 1965 as described
9 in subsection (b)(1), up to a maximum amount of
10 \$2,000 each year.

11 (2) CONSTRUCTION.—Nothing in this section
12 shall be construed to authorize the refunding of any
13 repayment of a loan made, insured, or guaranteed
14 under part B, D, or E of title IV of the Higher Edu-
15 cation Act of 1965.

16 (3) INTEREST.—If a portion of a loan is repaid
17 or cancelled by the Secretary under this section for
18 any year, the proportionate amount of interest on
19 such loan that accrues for such year shall be repaid
20 or cancelled by the Secretary so long as the total
21 amount repaid or cancelled by the Secretary in any
22 1 year does not exceed \$2,000.

23 (d) REPAYMENT TO ELIGIBLE LENDERS.—The Sec-
24 retary shall pay to each eligible lender or holder for each
25 fiscal year an amount equal to the aggregate amount of

1 loans which are subject to repayment pursuant to this sec-
2 tion for such year.

3 (e) APPLICATION FOR REPAYMENT OR CANCELLA-
4 TION.—

5 (1) IN GENERAL.—An eligible borrower desiring
6 loan repayment or cancellation under this section
7 shall submit a complete and accurate application to
8 the Secretary at such time, in such manner, and
9 containing such information as the Secretary may
10 require.

11 (2) CONDITIONS.—An eligible borrower may
12 apply for loan repayment or cancellation under this
13 section after completing each year of qualifying resi-
14 dency and employment. The eligible borrower shall
15 receive forbearance while engaged in qualifying resi-
16 dency and employment unless the borrower is in
17 deferment while so engaged.

18 (f) AUTHORIZATION OF APPROPRIATIONS.—

19 (1) LOAN REPAYMENT AND CANCELLATION.—
20 There are authorized to be appropriated to carry out
21 this section such sums as may be necessary.

22 (2) PERKINS LOAN FUNDS.—There are author-
23 ized to be appropriated such sums as may be nec-
24 essary for Federal capital contributions to student

1 loan funds established under part E of title IV of
 2 the Higher Education Act of 1965.

3 (g) REPAYMENT OR CANCELLATION EXCLUDED
 4 FROM GROSS INCOME.—Section 108(f)(1) of the Internal
 5 Revenue Code of 1986 (relating to student loans) is
 6 amended by inserting “or pursuant to section 102 of the
 7 Rural Investment to Strengthen our Economy Act of
 8 2007” after “employers”.

9 **TITLE II—ACCESS TO CREDIT**
 10 **FOR RURAL ENTREPRENEURS**
 11 **AND MICROENTERPRISES**

12 **SEC. 201. RURAL ENTREPRENEURSHIP AND MICROENTER-**
 13 **PRISE PROGRAM.**

14 Subtitle D of the Consolidated Farm and Rural De-
 15 velopment Act is amended by inserting after section 364
 16 (7 U.S.C. 2006f) the following:

17 **“SEC. 365. RURAL ENTREPRENEURSHIP AND MICROENTER-**
 18 **PRISE PROGRAM.**

19 “(a) DEFINITIONS.—In this section:

20 “(1) ECONOMICALLY DISADVANTAGED MICRO-
 21 ENTREPRENEUR.—The term ‘economically disadvan-
 22 tagged microentrepreneur’ means an owner, majority
 23 owner, or developer of a microenterprise in an eligi-
 24 ble area that has the ability to compete in the pri-
 25 vate sector but has been impaired due to diminished

1 capital and credit opportunities, as compared to
2 other microentrepreneurs in the industry.

3 “(2) ELIGIBLE AREA.—The term ‘eligible area’
4 means a nonmetropolitan county that, based on in-
5 formation contained in the 2000 decennial census,
6 has a population that resides in areas more than 50
7 percent of which are classified as rural by the Sec-
8 retary.

9 “(3) INDIAN TRIBE.—The term ‘Indian tribe’
10 has the meaning given the term in section 4 of the
11 Indian Self-Determination and Education Assistance
12 Act (25 U.S.C. 450b).

13 “(4) INTERMEDIARY.—The term ‘intermediary’
14 means an entity that—

15 “(A) makes and services microloans to eli-
16 gible small business concerns; and

17 “(B) provides marketing, management,
18 and technical assistance to borrowers, includ-
19 ing—

20 “(i) a microenterprise development or-
21 ganization or program;

22 “(ii) a private, nonprofit community
23 development corporation;

1 “(iii) a consortium of private, non-
 2 profit community development corporations
 3 or other entities;

4 “(iv) a quasi-governmental economic
 5 development entity, other than a State,
 6 county, municipal government, or any
 7 agency of a State, county, or municipal
 8 government; or

9 “(v) an agency of, or a nonprofit enti-
 10 ty established by, a tribal government.

11 “(5) LOW-INCOME INDIVIDUAL.—The term
 12 ‘low-income individual’ means an individual with an
 13 income (adjusted for family size) of not more than
 14 the greater of—

15 “(A) 80 percent of median income of an
 16 area; or

17 “(B) 80 percent of the statewide non-
 18 metropolitan area median income.

19 “(6) MICROCREDIT.—The term ‘microcredit’
 20 means a business loan or loan guarantee of not more
 21 than \$50,000 provided to a rural entrepreneur.

22 “(7) MICROENTERPRISE.—The term ‘micro-
 23 enterprise’ means a sole proprietorship, joint enter-
 24 prise, limited liability company, partnership, cor-
 25 poration, or cooperative that—

1 “(A) has 5 or fewer employees; and

2 “(B) is unable to obtain sufficient credit,
3 equity, or banking services elsewhere, as deter-
4 mined by the Secretary.

5 “(8) MICROENTERPRISE DEVELOPMENT ORGA-
6 NIZATION.—

7 “(A) IN GENERAL.—The term ‘microenter-
8 prise development organization’ means a non-
9 profit entity that provides training and tech-
10 nical assistance to rural entrepreneurs and ac-
11 cess to capital or another service described in
12 subsection (b) to rural entrepreneurs.

13 “(B) INCLUSIONS.—The term ‘microenter-
14 prise development organization’ includes an or-
15 ganization described in subparagraph (A) with
16 a demonstrated record of delivering services to
17 economically disadvantaged microentrepreneurs.

18 “(9) MICROENTERPRISE DEVELOPMENT PRO-
19 GRAM.—The term ‘microenterprise development or-
20 ganization’ means a program administered by a or-
21 ganization serving an eligible area.

22 “(10) MICROENTREPRENEUR.—The term
23 ‘microentrepreneur’ means the owner, operator, or
24 developer of a microenterprise.

1 “(11) PROGRAM.—The term ‘program’ means
2 the rural entrepreneur and microenterprise program
3 established under subsection (b)(1).

4 “(12) QUALIFIED ORGANIZATION.—The term
5 ‘qualified organization’ means—

6 “(A) a microenterprise development orga-
7 nization or microenterprise development pro-
8 gram that has a demonstrated record of deliv-
9 ering microenterprise services to rural entre-
10 preneurs, as demonstrated by the development
11 of an effective plan of action and the possession
12 of necessary resources to deliver microenterprise
13 services to rural entrepreneurs effectively, as
14 determined by the Secretary;

15 “(B) an intermediary that has a dem-
16 onstrated record of delivery assistance to micro-
17 enterprise development organizations or micro-
18 enterprise development programs;

19 “(C) a microenterprise development orga-
20 nization or microenterprise development pro-
21 gram that—

22 “(i) serves rural entrepreneurs; and

23 “(ii) enters into an agreement with a
24 local community, in conjunction with a
25 State or local government or Indian tribe,

1 to provide assistance described in sub-
2 section (b);

3 “(D) an Indian tribe, the tribal govern-
4 ment of which certifies to the Secretary that no
5 microenterprise development organization or
6 microenterprise development program exists
7 under the jurisdiction of the Indian tribe;

8 “(E) a group of 2 or more organizations or
9 Indian tribes described in subparagraph (A),
10 (B), (C), or (D) that agree to act jointly as a
11 qualified organization under this section; or

12 “(F) for purposes of subsection (b), an in-
13 stitution of higher education (as defined in sec-
14 tion 101(a) of the Higher Education Act of
15 1965 (20 U.S.C. 1001(a))).

16 “(13) RURAL CAPACITY BUILDING SERVICE.—
17 The term ‘rural capacity building service’ means a
18 service provided to an organization that—

19 “(A) is, or is in the process of becoming,
20 a microenterprise development organization or
21 microenterprise development program; and

22 “(B) serves eligible areas for the purpose
23 of enhancing the ability of the organization to
24 provide training, technical assistance, and other
25 related services to rural entrepreneurs.

1 “(14) RURAL ENTREPRENEUR.—The term
2 ‘rural entrepreneur’ means a microentrepreneur, or
3 prospective microentrepreneur—

4 “(A) the principal place of business of
5 which is in an eligible area; and

6 “(B) that is unable to obtain sufficient
7 training, technical assistance, or microcredit
8 elsewhere, as determined by the Secretary.

9 “(15) SECRETARY.—The term ‘Secretary’
10 means the Secretary of Agriculture, acting through
11 the Administrator of the Rural Business-Cooperative
12 Service.

13 “(16) SMALL BUSINESS CONCERN.—The term
14 ‘small business concern’ has the meaning given the
15 term in section 3 of the Small Business Act (15
16 U.S.C. 632).

17 “(17) TRAINING AND TECHNICAL AND FINAN-
18 CIAL ASSISTANCE.—

19 “(A) IN GENERAL.—The term ‘training
20 and technical and financial assistance’ means
21 assistance provided to rural entrepreneurs to
22 develop the skills the rural entrepreneurs need
23 to plan, market, and manage their own busi-
24 ness.

1 “(B) INCLUSIONS.—The term ‘training
2 and technical and financial assistance’ includes
3 assistance provided for the purpose of—

4 “(i) enhancing business planning,
5 marketing, management, or financial man-
6 agement skills; and

7 “(ii) obtaining microcredit.

8 “(18) TRIBAL GOVERNMENT.—The term ‘tribal
9 government’ means the governing body of an Indian
10 tribe.

11 “(b) RURAL ENTREPRENEUR AND MICROENTER-
12 PRISE PROGRAM.—

13 “(1) IN GENERAL.—From amounts made avail-
14 able under subsection (h), the Secretary shall estab-
15 lish a rural entrepreneurship and microenterprise
16 program.

17 “(2) PURPOSES.—The purposes of the program
18 are—

19 “(A) to make grants to qualified organiza-
20 tions and intermediaries to be used for mar-
21 keting, management, and technical assistance to
22 the target population of the program;

23 “(B) to make grants to assist in research-
24 ing and developing the best practices in deliv-
25 ering and evaluating training, technical assist-

1 ance, and microcredit programs to rural entre-
2 preneurs;

3 “(C) to make direct and guaranteed loans
4 to qualified organizations and intermediaries for
5 the purpose of making microloans to low-income
6 individuals and moderate-income individuals in
7 rural areas to establish and sustain new small
8 business concerns; and

9 “(D) to carry out such other projects and
10 activities as the Secretary determines are con-
11 sistent with this section.

12 “(3) ALLOCATION.—From the total amount of
13 funds made available for a fiscal year to make
14 grants and loans under this section, the Secretary
15 shall ensure that not less than 50 percent of funds
16 are used to carry out activities described in subpara-
17 graphs (A) and (B) of paragraph (2).

18 “(c) GRANTS.—

19 “(1) IN GENERAL.—A qualified organization or
20 intermediary shall be eligible to receive a grant
21 under the program to provide marketing, manage-
22 ment, and technical assistance to small business con-
23 cerns.

24 “(2) GRANT LIMITATIONS.—No single qualified
25 organization may receive more than 10 percent of

1 the total funds that are made available for a fiscal
2 year to carry out this section.

3 “(3) SUBGRANTS.—Subject to such regulations
4 as the Secretary may promulgate, a qualified organi-
5 zation that receives a grant under this section may
6 use the grant to provide assistance to other qualified
7 organizations, including small or emerging qualified
8 organizations.

9 “(d) LOAN ADMINISTRATION.—

10 “(1) IN GENERAL.—In carrying out the pro-
11 gram, the Secretary may provide loans to qualified
12 organizations and intermediaries to provide micro-
13 credit to rural entrepreneurs and microenterprises,
14 under such terms and conditions as the Secretary
15 may prescribe.

16 “(2) LOAN DURATION.—Loans made under this
17 paragraph shall be for a term of 10 years.

18 “(3) APPLICATION INTEREST RATES.—Loans
19 made under this paragraph to a qualified organiza-
20 tion or intermediary shall bear an interest rate equal
21 to 2 percentage points below the rate determined by
22 the Secretary of the Treasury for obligations of the
23 United States with a period of maturity of 5 years,
24 adjusted to the nearest one-eighth of 1 percent.

1 “(e) ADMINISTRATIVE EXPENSES.—Not more than
 2 15 percent of the total amount of assistance received by
 3 a qualified organization of intermediary for a fiscal year
 4 under this section may be used for administrative ex-
 5 penses.

6 “(f) TARGETED POPULATIONS.—In making grants
 7 and loans under this section, the Secretary shall ensure,
 8 to the maximum extent practicable, that—

9 “(1) grant and loan recipients include qualified
 10 organizations and intermediaries—

11 “(A) of varying sizes; and

12 “(B) that serve racially, ethnically and
 13 geographically diverse populations, and

14 “(2) not less than 50 percent of the grants and
 15 loans made under this section are used to benefit
 16 low-income individuals, women, or minorities, as
 17 identified by the Secretary, including individuals re-
 18 siding on Indian reservations.

19 “(g) COST SHARE.—

20 “(1) FEDERAL SHARE.—The Federal share of
 21 the cost of a project carried out using funds from
 22 a grant under this section shall be 75 percent.

23 “(2) FORM OF NON-FEDERAL SHARE.—The
 24 non-Federal share of the cost of a project described
 25 in paragraph (1) may be provided—

1 “(A) by public funds, including funds ob-
 2 tained through other Federal, State and local
 3 fees and grants; or

4 “(B) by private funds.

5 “(h) FUNDING.—There is authorized to be appro-
 6 priated \$30,000,000 to carry out this section.”.

7 **TITLE III—RURAL REGIONAL** 8 **INVESTMENT INITIATIVE**

9 **SEC. 301. RURAL REGIONAL INVESTMENT INITIATIVE.**

10 (a) DEFINITION OF ELIGIBLE AREA.—Section 385B
 11 of the Consolidated Farm and Rural Development Act (7
 12 U.S.C. 2009dd–1) is amended by striking paragraph (3)
 13 and inserting the following:

14 “(3) ELIGIBLE AREA.—The term ‘eligible area’
 15 means a nonmetropolitan county that, based on in-
 16 formation contained in the 2000 decennial census,
 17 has a population that resides in areas more than 50
 18 percent of which are classified as rural by the Sec-
 19 retary.”.

20 (b) COMPOSITION OF REGIONAL BOARDS.—Section
 21 385C(b)(2)(A) of the Consolidated Farm and Rural Devel-
 22 opment Act (7 U.S.C. 2009dd–2(b)(2)(A)) is amended by
 23 striking clauses (vi) and (vii) and inserting the following:

24 “(vi) academic institutions, including
 25 community colleges;

1 “(vii) faith-based organizations;

2 “(viii) other entities and organiza-
3 tions, as determined by the Regional
4 Board; and

5 “(ix) consortia of entities and organi-
6 zations described in clauses (i) through
7 (viii).”.

8 (c) COMPOSITION OF NATIONAL BOARD ON RURAL
9 AMERICA.—Section 385D(b)(1)(A) of the Consolidated
10 Farm and Rural Development Act (7 U.S.C. 2009dd–
11 3(b)(1)(A)) is amended by striking clauses (iv) through
12 (vii) and inserting the following:

13 “(iv) representatives of State and
14 local governments;

15 “(v) representatives of the rural phil-
16 anthropic community;

17 “(vi) representatives of Indian tribes
18 (as defined in section 4 of the Indian Self-
19 Determination and Education Assistance
20 Act (25 U.S.C. 450b));

21 “(vii) representatives of nonprofit or-
22 ganizations;

23 “(viii) representatives of academic in-
24 stitutions, including community colleges;
25 and

1 “(ix) representatives of such other en-
 2 tities or organizations as the Secretary
 3 considers to be appropriate.”.

4 (d) AMOUNT OF GRANTS.—Section 385E of the Con-
 5 solidated Farm and Rural Development Act (7 U.S.C.
 6 2009dd-4) is amended—

7 (1) in subsection (a), by striking
 8 “\$100,000,000” and inserting “\$200,000,000 each
 9 year”; and

10 (2) in subsection (b)—

11 (A) in the matter before paragraph (1), by
 12 inserting “each year” after “shall use”;

13 (B) in paragraph (1), by striking
 14 “\$8,000,000” and inserting “\$20,000,000”;

15 (C) in paragraph (2)—

16 (i) by striking “\$87,000,000” and in-
 17 serting “\$135,000,000”; and

18 (ii) by striking “and” at the end;

19 (D) by redesignating paragraph (3) as
 20 paragraph (4); and

21 (E) by inserting after paragraph (2) the
 22 following:

23 “(3) not less than \$40,000,000 to carry out
 24 section 385I; and”.

1 (e) RURAL STRATEGIC INVESTMENT PLANNING
 2 GRANTS.—Section 385F of the Consolidated Farm and
 3 Rural Development Act (7 U.S.C. 2009dd–5) is amend-
 4 ed—

5 (1) by striking subsection (c) and inserting the
 6 following:

7 “(c) PREFERENCES.—In awarding planning grants,
 8 the National Board shall give a preference to planning
 9 grants that will be used—

10 “(1) to address community capacity building
 11 and community sustainability;

12 “(2) to incorporate other Federal agency devel-
 13 opment plans; or

14 “(3) to leverage available public and private as-
 15 sets.”; and

16 (2) in subsection (d), by striking “\$100,000”
 17 and inserting “\$250,000”.

18 (f) INNOVATION GRANTS.—Section 385G of the Con-
 19 solidated Farm and Rural Development Act (7 U.S.C.
 20 2009dd–6) is amended—

21 (1) in subsection (a), by inserting “to be admin-
 22 istered by the Office of Rural Development” after
 23 “innovation grants”;

1 (2) in subsection (d)(7), by inserting “, includ-
 2 ing poverty alleviation” before the period at the end;
 3 and

4 (3) in subsection (e)—

5 (A) by redesignating paragraph (4) as
 6 paragraph (5); and

7 (B) by inserting after paragraph (3) the
 8 following:

9 “(4) NON-FEDERAL ORGANIZATIONS.—A Re-
 10 gional Board may select 1 or more non-Federal or-
 11 ganizations to manage and use innovation grants ap-
 12 proved and awarded under this section.”.

13 **SEC. 302. RURAL REGIONAL ENTREPRENEURSHIP PRO-**
 14 **GRAM.**

15 Subtitle I of the Consolidated Farm and Rural Devel-
 16 opment Act (7 U.S.C. 2009dd et seq.) is amended by add-
 17 ing at the end the following:

18 **“SEC. 385I. RURAL REGIONAL ENTREPRENEURSHIP PRO-**
 19 **GRAM.**

20 “(a) DEFINITION OF RURAL ENTREPRENEUR.—The
 21 term ‘rural entrepreneur’ has the meaning given the term
 22 in section 365(a).

23 “(b) PROGRAM.—The Secretary shall establish a
 24 rural regional entrepreneurship program under which the
 25 Secretary shall provide grants to stimulate rural entrepre-

1 neurship and provide technical assistance, research, and
 2 evaluation to rural entrepreneurs.

3 “(c) BLOCK GRANTS.—

4 “(1) IN GENERAL.—From amounts made avail-
 5 able under subsection (f), the Secretary shall use
 6 \$15,000,000 for each fiscal year to make block
 7 grants to States in accordance with this subsection.

8 “(2) AMOUNT OF GRANT.—A grant to a State
 9 under this subsection for any fiscal year shall be in
 10 an amount that is, as determined by the National
 11 Board—

12 “(A) not more than \$400,000; and

13 “(B) not less than \$200,000.

14 “(3) COST SHARE.—To be eligible to receive a
 15 grant under this subsection, a State shall match any
 16 grant funds received under this subsection with an
 17 equal or greater amount of non-Federal funds.

18 “(4) USE OF FUNDS.—A State shall use funds
 19 received under this subsection to support multi-coun-
 20 ty entrepreneurship development systems focused on
 21 eligible areas in consultation with the RUPRI Cen-
 22 ter for Rural Entrepreneurship.

23 “(d) COMPETITIVE REGIONAL ENTREPRENEURSHIP
 24 GRANTS.—

1 “(1) IN GENERAL.—From amounts made avail-
2 able under subsection (f), the Secretary shall—

3 “(A) transfer \$15,000,000 for each fiscal
4 year to the National Board to make regional
5 entrepreneurship grants to rural entrepreneurs
6 through a competitive application process; and

7 “(B) use at least \$10,000,000 to make
8 grants to successful applicants identified as re-
9 gional intermediaries under subsection (e)(3).

10 “(2) ADMINISTRATION.—The Under Secretary
11 for Rural Development shall administer grants
12 under this subsection.

13 “(e) CENTER FOR RURAL ENTREPRENEURSHIP.—

14 “(1) IN GENERAL.—From amounts made avail-
15 able under subsection (f), the Secretary shall trans-
16 fer \$10,000,000 for each fiscal year to the RUPRI
17 Center for Rural Entrepreneurship (referred to in
18 this subsection as the ‘Center’) for use in accordance
19 with this subsection.

20 “(2) RESEARCH, EVALUATION, AND DATA COL-
21 LECTION AND ANALYSIS.—

22 “(A) IN GENERAL.—Of the amount trans-
23 ferred to the Center under paragraph (1), the
24 Center shall use \$5,000,000 for each fiscal year
25 to carry out research, evaluation, and data col-

lection and analysis programs, of which not less than \$500,000 for each fiscal year shall be used to enter into contracts, in accordance with a national research agenda approved by the National Board, with each of—

“(i) the regional rural development centers described in section 1670(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(a)); and

“(ii) the Economic Research Service.

“(B) COORDINATION AND FOCUS OF PROGRAMS.—The programs carried out under this paragraph shall—

“(i) be coordinated by the Center across a broad range of higher education institutions and research organizations; and

“(ii) focus on providing insights and creating opportunities for sustained entrepreneurship development in rural areas of the United States.

“(3) REGIONAL INTERMEDIARIES.—Of the amount transferred to the Center under paragraph (1), the Center shall use \$4,000,000 for each fiscal

1 year to establish and maintain a nationwide network
 2 of regional intermediaries with the capacity and
 3 tools—

4 “(A) to provide effective entrepreneurship
 5 development information, training, and tech-
 6 nical assistance to rural regions and commu-
 7 nities in the United States; and

8 “(B) to enhance the effectiveness of orga-
 9 nizations that provide direct technical assist-
 10 ance and training services to rural entre-
 11 preneurs.

12 “(4) MANAGEMENT ACTIVITIES AND RE-
 13 PORTS.—Of the amount transferred to the Center
 14 under paragraph (1), the Center shall use
 15 \$1,000,000 for each fiscal year—

16 “(A) to enhance and sustain the capacity
 17 and ability of the Center to direct and manage
 18 the programs and activities described in para-
 19 graphs (1), (2), and (3); and

20 “(B) to submit—

21 “(i) to the National Board, an annual
 22 report that describes those programs and
 23 activities carried out during the year cov-
 24 ered by the report; and

1 “(ii) to the Secretary, an annual re-
 2 port that describes the state of entrepre-
 3 neurship in the United States during the
 4 year covered by the report.

5 “(5) AVAILABILITY OF FUNDS; CONTRACTS.—

6 “(A) AVAILABILITY OF FUNDS.—Funds
 7 made available under this subsection shall re-
 8 main available until expended, including for any
 9 purpose under this section.

10 “(B) CONTRACTS.—Each contract entered
 11 into by the Center and an individual or entity
 12 shall be based on the performance of the indi-
 13 vidual or entity.

14 “(f) FUNDING.—Of funds made available under sec-
 15 tion 385E(b)(3), for each of fiscal years 2008 through
 16 2012, the Secretary shall use to carry out this section
 17 \$40,000,000, to remain available until expended.”.

18 **TITLE IV—REGIONAL SKILLS** 19 **ALLIANCES**

20 **SEC. 401. FINDINGS.**

21 Congress finds that—

22 (1) many small businesses lack the financial ca-
 23 pacity to support the training of high-skilled work-
 24 ers;

1 (2) many high-tech companies concerned about
 2 worker training consider recruiting employees from
 3 overseas because a shortage of information tech-
 4 nology workers remains a significant problem;

5 (3) too many highly educated workers in under-
 6 served communities do not have the specialized skills
 7 needed to meet the needs of local businesses; and

8 (4) regional skills alliances bring businesses and
 9 4-year colleges and universities and community col-
 10 leges together to help develop and implement effec-
 11 tive programs to make sure workers have the train-
 12 ing needed to compete in the modern workplace.

13 **SEC. 402. DEFINITION OF SECRETARY.**

14 In this title, the term “Secretary” means the Sec-
 15 retary of Labor.

16 **Subtitle A—Skill Grants**

17 **SEC. 411. AUTHORIZATION.**

18 (a) IN GENERAL.—The Secretary, in consultation
 19 with the Secretary of Commerce, shall award grants to
 20 eligible entities described in subsection (b) to assist the
 21 entities to improve the job skills necessary for employment
 22 in specific industries.

23 (b) ELIGIBLE ENTITIES DESCRIBED.—

24 (1) IN GENERAL.—An eligible entity described
 25 in this subsection is a consortium that—

1 (A) shall consist of representatives from
 2 not less than 5 businesses, or a lesser number
 3 of businesses if such lesser number of busi-
 4 nesses employs at least 30 percent of the em-
 5 ployees in the industry involved in the region
 6 (or a nonprofit organization that represents
 7 such businesses);

8 (B) may consist of representatives from—

9 (i) labor organizations;

10 (ii) State and local government; and

11 (iii) educational institutions;

12 (C) is established to serve 1 or more par-
 13 ticular industries; and

14 (D) is established to serve an eligible area.

15 (2) ELIGIBLE AREA.—The term “eligible area”
 16 means a nonmetropolitan county that, based on in-
 17 formation contained in the 2000 decennial census—

18 (A) has a population that resides in areas
 19 more than 50 percent of which are classified as
 20 rural by the Secretary of Agriculture; and

21 (B) had an average employment percent-
 22 age change during the period of calendar years
 23 2001 through 2004 that was less than the na-
 24 tional average employment percentage change

1 (as determined by the Bureau of Economic
2 Analysis).

3 (3) MAJORITY OF REPRESENTATIVES.—A ma-
4 jority of the representatives comprising the consor-
5 tium shall be representatives described in paragraph
6 (1)(A).

7 (c) PRIORITY FOR SMALL BUSINESSES.—In pro-
8 viding grants under subsection (a), the Secretary shall
9 give priority to an eligible entity if a majority of represent-
10 atives forming the entity represent small-business con-
11 cerns (as defined in section 3(a) of the Small Business
12 Act (15 U.S.C. 632(a)).

13 (d) MAXIMUM AMOUNT OF GRANT.—The amount of
14 a grant awarded to an eligible entity under subsection (a)
15 may not exceed \$1,000,000 for any fiscal year.

16 **SEC. 412. USE OF AMOUNTS.**

17 (a) IN GENERAL.—The Secretary may not award a
18 grant under section 411 to an eligible entity unless the
19 entity agrees to use amounts received from the grant to
20 improve the job skills necessary for employment by busi-
21 nesses in the industry with respect to which the entity was
22 established.

23 (b) CONDUCT OF PROGRAM.—

1 (1) IN GENERAL.—In carrying out the program
2 described in subsection (a), the eligible entity may
3 provide for—

4 (A) an assessment of training and job skill
5 needs for the industry;

6 (B) the development of a sequence of skill
7 standards that are benchmarked to advanced
8 industry practices;

9 (C) the development of curriculum and
10 training methods, including, where appropriate,
11 e-learning or technology-based training;

12 (D) the purchase, lease, or receipt of dona-
13 tions of training equipment;

14 (E) the identification of training providers
15 and the development of partnerships between
16 the industry and educational institutions, in-
17 cluding community colleges;

18 (F) the development of apprenticeship pro-
19 grams;

20 (G) the development of training programs
21 for workers, including dislocated workers;

22 (H) the development of training plans for
23 businesses; and

24 (I) the development of the membership of
25 the entity.

1 (2) **ADDITIONAL REQUIREMENT.**—In carrying
 2 out the program described in subsection (a), the eli-
 3 gible entity shall provide for the development and
 4 tracking of performance outcome measures for the
 5 program and the training providers involved in the
 6 program.

7 (c) **ADMINISTRATIVE COSTS.**—The eligible entity
 8 may use not more than 10 percent of the amount of a
 9 grant to pay for administrative costs associated with the
 10 program described in subsection (a).

11 **SEC. 413. REQUIREMENT OF MATCHING FUNDS.**

12 (a) **IN GENERAL.**—The Secretary may not award a
 13 grant under section 411 to an eligible entity unless the
 14 entity agrees that the entity will make available non-Fed-
 15 eral contributions toward the costs of carrying out activi-
 16 ties under the grant in an amount that is not less than
 17 \$2 for each \$1 of Federal funds provided under the grant,
 18 of which—

19 (1) \$1 shall be provided by the businesses par-
 20 ticipating in the entity; and

21 (2) \$1 shall be provided by the State or local
 22 government involved.

23 (b) **OTHER CONTRIBUTIONS.**—

24 (1) **EQUIPMENT.**—Equipment donations to fa-
 25 cilities that are not owned or operated by the mem-

1 bers of the eligible entity involved and that are
 2 shared by the members may be included in deter-
 3 mining compliance with subsection (a).

4 (2) LIMITATION.—

5 (A) IN GENERAL.—An eligible entity may
 6 not include in-kind contributions in complying
 7 with the requirement of subsection (a).

8 (B) CONSIDERATION.—The Secretary may
 9 consider donations described in subparagraph
 10 (A) in ranking applications.

11 **SEC. 414. LIMIT ON ADMINISTRATIVE EXPENSES.**

12 The Secretary may use not more than 5 percent of
 13 the amounts made available to carry out this title to pay
 14 the Federal administrative costs associated with awarding
 15 grants under this title.

16 **SEC. 415. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated to carry out
 18 this subtitle—

19 (1) \$50,000,000 for each of fiscal years 2008
 20 through 2012; and

21 (2) such sums as are necessary for each fiscal
 22 year thereafter.

1 **Subtitle B—Planning Grants**

2 **SEC. 421. AUTHORIZATION.**

3 (a) IN GENERAL.—The Secretary, in consultation
4 with the Secretary of Commerce, shall award grants to
5 States to enable the States to assist businesses, organiza-
6 tions, and agencies described in section 411(b) in con-
7 ducting planning to form consortia described in that sec-
8 tion.

9 (b) MAXIMUM AMOUNT OF GRANT.—The amount of
10 a grant awarded to a State under subsection (a) may not
11 exceed \$500,000 for any fiscal year.

12 **SEC. 422. APPLICATION.**

13 The Secretary may not award a grant under section
14 421 to a State unless the State submits to the Secretary
15 an application at such time, in such manner, and con-
16 taining such information as the Secretary may reasonably
17 require.

18 **SEC. 423. REQUIREMENT OF MATCHING FUNDS.**

19 The Secretary may not award a grant under section
20 421 to a State unless the State agrees that the State will
21 make available non-Federal contributions toward the costs
22 of carrying out activities under this subtitle in an amount
23 that is not less than \$1 for each \$1 of Federal funds pro-
24 vided under the grant.

1 **SEC. 424. AUTHORIZATION OF APPROPRIATIONS.**

2 There is authorized to be appropriated to carry out
3 this subtitle \$5,000,000 for fiscal year 2008.

4 **TITLE V—SMALL BUSINESS JOBS**
5 **TAX CREDIT**

6 **SEC. 501. EXPANSION OF WORK OPPORTUNITY TAX CREDIT.**

7 (a) IN GENERAL.—Section 51(d)(1) of the Internal
8 Revenue Code of 1986 (relating to members of targeted
9 groups) is amended by striking “or” at the end of sub-
10 paragraph (H), by striking the period at the end of sub-
11 paragraph (I) and inserting “, or”, and by adding at the
12 end the following:

13 “(J) a qualified small business employee.”.

14 (b) QUALIFIED SMALL BUSINESS EMPLOYEE.—Sec-
15 tion 51(d) of the Internal Revenue Code of 1986 is amend-
16 ed by redesignating paragraphs (11) through (13) as para-
17 graphs (12) through (14), respectively, and by inserting
18 after paragraph (10) the following:

19 “(11) QUALIFIED SMALL BUSINESS EM-
20 PLOYEE.—

21 “(A) IN GENERAL.—The term ‘qualified
22 small business employee’ means any indi-
23 vidual—

24 “(i) hired by a qualified small busi-
25 ness located in an eligible area, or

1 “(ii) hired by a qualified small busi-
2 ness and who is certified by the designated
3 local agency as residing in such an eligible
4 area.

5 “(B) QUALIFIED SMALL BUSINESS.—The
6 term ‘qualified small business’ has the meaning
7 given the term ‘small employer’ by section
8 4980D(d)(2).

9 “(C) ELIGIBLE AREA.—The term ‘eligible
10 area’ means a nonmetropolitan county that,
11 based on information contained in the 2000 de-
12 cennial census—

13 “(i) has a population that resides in
14 areas more than 50 percent of which are
15 classified as rural by the Secretary of Agri-
16 culture; and

17 “(ii) had an average employment per-
18 centage change during the period of cal-
19 endar years 2001 through 2004 that was
20 less than the national average employment
21 percentage change (as determined by the
22 Bureau of Economic Analysis).

23 “(D) NUMBER OF DESIGNATIONS.—The
24 Secretary, after consultation with the Secretary
25 of Housing and Urban Development and the

1 Secretary of Agriculture, may not designate
2 more than 400 eligible areas.

3 “(E) SPECIAL RULES FOR DETERMINING
4 AMOUNT OF CREDIT.—For purposes of applying
5 this subpart to wages paid or incurred to any
6 qualified small business employee—

7 “(i) subsection (a) shall be applied by
8 substituting ‘20 percent of the qualified
9 first, second, third, fourth, or fifth year
10 wages’ for ‘40 percent of the qualified first
11 year wages’, and

12 “(ii) in lieu of paragraphs (2) and (3)
13 of subsection (b), the following definitions
14 and special rule shall apply:

15 “(I) QUALIFIED FIRST-YEAR
16 WAGES.—The term ‘qualified first-
17 year wages’ means, with respect to
18 any individual, qualified wages attrib-
19 utable to service rendered during the
20 1-year period beginning with the day
21 the individual begins work for the em-
22 ployer.

23 “(II) QUALIFIED SECOND-YEAR
24 WAGES.—The term ‘qualified second-
25 year wages’ means, with respect to

1 any individual, qualified wages attrib-
 2 utable to service rendered during the
 3 1-year period beginning on the day
 4 after the last day of the 1-year period
 5 with respect to such individual deter-
 6 mined under subclause (I).

7 “(III) QUALIFIED THIRD-YEAR
 8 WAGES.—The term ‘qualified third-
 9 year wages’ means, with respect to
 10 any individual, qualified wages attrib-
 11 utable to service rendered during the
 12 1-year period beginning on the day
 13 after the last day of the 1-year period
 14 with respect to such individual deter-
 15 mined under subclause (II).

16 “(IV) QUALIFIED FOURTH-YEAR
 17 WAGES.—The term ‘qualified fourth-
 18 year wages’ means, with respect to
 19 any individual, qualified wages attrib-
 20 utable to service rendered during the
 21 1-year period beginning on the day
 22 after the last day of the 1-year period
 23 with respect to such individual deter-
 24 mined under subclause (III).

1 “(V) QUALIFIED FIFTH-YEAR
2 WAGES.—The term ‘qualified fifth-
3 year wages’ means, with respect to
4 any individual, qualified wages attrib-
5 utable to service rendered during the
6 1-year period beginning on the day
7 after the last day of the 1-year period
8 with respect to such individual deter-
9 mined under subclause (IV).

10 “(VI) ONLY FIRST \$15,000 OF
11 WAGES PER YEAR TAKEN INTO AC-
12 COUNT.—The amount of the qualified
13 first, second, third, fourth, and fifth
14 year wages which may be taken into
15 account with respect to any individual
16 shall not exceed \$15,000 per year.”.

17 (c) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to individuals who begin work for
19 the employer after the date of the enactment of this Act.

○